

MEMORANDUM FOR RECORD

SUBJECT: Civil Works Review Board (CWRB) Summary - Craney Island Eastward Expansion

1. Project Reviewed: Craney Island Eastward Expansion, Norfolk Harbor and Channels, Hampton Roads, Virginia

2. Date of CWRB: 4 April 2006

3. <u>CWRB Members:</u>	MG Ronald L. Johnson	CWRB Chair
	Mr. Steven L. Stockton	Acting Director of Civil Works
	Mr. Raleigh H. Leef	Acting CW Planning CoP Leader
	Mr. Donald L. Basham	SAD RIT Leader
	Mr. Gary A. Loew	Program & PM CoP Leader
	Mr. Edwin A. Theriot	NAD RIT Leader (non-voting)

4. Key Participants:

HQUSACE: Office of Water Project Review: Colosimo, Cone, Warren, Ware, Matusiak.

Policy and Policy Compliance Division: Leef, Worthington.

Office of Counsel: Greenwood.

NAD RIT: Fox, Groska.

NAD: Caldwell, Vietri, Blum, Cocchieri, Forcina.

NAO: Col Prettyman-Beck, Thomasson, Mansfield, Martin, Friberg, Yancey, Seltzer, Strahan, Holland, Dridge, Huffstickler, Loschi.

ASACW: Mr. Douglas W. Lamont

OMB: No representative.

Sponsor: Virginia Port Authority: Bray, Keever, Florin.

Consultants: Crist, Miller, Diamantides.

5. OWPR Recommendation: Approval of the report for release for State and Agency review.

6. CWRB Decision Made: Approval of release of the report for State and Agency review and filing in the Federal Register.

7. Vote: Unanimous. Prior to release of the report for S&A review, concurrence with the recommendation of the Locally Preferred Plan will be required from the Assistant Secretary of the Army (Civil Works).

8. Discussion:

a. The following clarifications were requested during the District and Sponsor presentations (in order of discussion).

1) MG Johnson asked how the district arrived at the projected 323 million cy dredged material projection. Col. Prettyman-Beck indicated that it was determined through interviews and questionnaires with the dredged material facility users.

2) MG Johnson asked what percentage of the total cargo going through the port is shipped in containers. MG Johnson wanted to use this statistic to indicate the importance of container movements. The information was not available but it was noted that 25 million containers are shipped annually in the U.S. (Subsequent to the meeting Mr. Florin provide the following information: In 2004, over 33 million tons of cargo, valued at over \$37.4 billion, moved over Virginia docks. Containerized cargo represents 87% or \$32.6 billion of this total.)

3) Doug Lamont (ASA(CW)) asked what was the basis of the transportation savings benefits. Jeff Strahan and Jerry Diamantides explained that 23 ports were looked at nationally for additional capacity that could accept overflow containers if Craney Island Eastward Expansion was not constructed. LA Long Beach, Savannah and Miami were identified for use in the analysis. Routing operations were examined to determine costs savings. Further, a sensitivity analysis was conducted assuming construction of a new port.

4) Gary Loew asked what was the purpose of the west dike strengthening. Jeff Strahan answered that the west dike is the weakness in the system and strengthening would allow further raising of the existing CIDMMA to create additional capacity when needed. Mr. Loew asked what impact the eastward expansion had on capacity. It was explained it provided three years of additional capacity before additional work would be required, and that it did not preclude future strengthening of the west dike.

5) Doug Lamont asked if the access channels for the East Expansion were Federal or non-Federal. District staff answered that since the facility would be public, the access channels would be cost shared as a GNF.

6) MG Johnson and Gary Loew asked several questions about mitigation. (a) Why is there a difference in the mitigation cost for the Corps plan and the LPP. There is a minor difference in cost due to additional mitigation due to the west dike strengthening portion of the Corps plan. (b) Also, what does the average annual equivalent cost for mitigation mean. It was explained that this represented the annualized amount for \$50 million dollar mitigation plan. (c) Clarify location of oyster grounds in the vicinity of Craney (purple lines on map) and make sure they are not impacted by the expansion plan and west dike strengthening. Doug Martin indicated that we are not impacting any active oyster grounds. Further, the existing oyster bars are not actively used due to pollution issues. (d) Clarification was requested regarding the sediment remediation and whether mitigation plan is for fixing the impacts of the project versus providing enhancement or production type benefits. Staff confirmed that the mitigation plan only

addresses compensation for impacts and not production. (e) Questions then were raised concerning the quality of the bottom at Craney Island that would be impacted by the eastward expansion. Craig Selzer explained that benthic studies were performed indicating that the area was not great when compared to other areas of the Chesapeake Bay Watershed, but better than other polluted areas in the Elizabeth River. (f) Is mitigation provided on a 1 to 1 basis? Craig Selzer explained that we used out of kind mitigation, which is an acceptable approach. In other words, we are providing a replacement of the value of ecological services (lost function) versus creating the same acreage lost. Robyn Colosimo confirmed that the functional approach was acceptable.

7) MG Johnson asked Col. Prettyman-Beck what was the most important Environmental Operating Principle. The Colonel replied that all were equally important. MG Johnson indicated that was the right answer.

8) Dr. Theriot asked what does sediment remediation mean. Craig Seltzer explained that contaminated areas of sediment in the Elizabeth River would be either removed or capped. Why did we look at this? Because Commonwealth of Virginia considers this a high priority. MG Johnson asked why the Corps was only basing cost sharing on least cost disposal. Colonel Prettyman-Beck explained that the least cost disposal is in the Federal interest as a GNF whereas port development is not.

9) MG Johnson asked why the USACE participation for dredged material disposal is based on the costs for the west dike strengthening. It was stated that dredged material disposal is a GNF and that the Federal participation would be restricted to only those actions that qualify as a GNF. Further explanation was provided on the equivalent disposal cost analysis that was done to develop the Federal cost share.

10) MG Johnson asked VPA if they agreed with cost sharing. Mr. Bray indicated that they would like a more favorable split but understand the Corps policy and VPA supports the report recommendations. He indicated they are pursuing additional cost sharing through Congressional channels.

11) Doug Lamont asked if the port needs 900 acres of additional capacity and the east expansion only provides 580 acres, what will they do. Mr Bray indicated that they will be continuously looking for other areas in the future once the capacity exceeds what Craney Island can provide.

12) Doug Lamont also asked who owns the project land once the east expansion has been constructed. Col. Prettyman-Beck indicated that Craney Island is owned by the Federal government and the when the expansion is authorized in a WRDA it will include transfer of the expansion to the Commonwealth for port construction at the appropriate time. Also, HQ staff indicated the Senator Allen's office has requested drafting service to include addressing the transfer issue. Gary Loew asked if we construct the eastward expansion will the Corps still be

able to strengthen the west dike. Answer – Yes. Only East Expansion would be transferred to the Commonwealth.

b. After completion of the formal presentations, the following issues were discussed leading up to the CWRB vote.

1) Gary Loew asked what Lee Ware meant when he said we have a Letter of Intent issue. Lee indicated that the actual level of Federal interest is still being evaluated for some slight changes (3.9 to 5-6% Federal share). VPA is prepared to provide a letter as soon as this is resolved. This is a typical issue at this stage. No problems anticipated with getting an updated LOI.

2) MG Johnson asked about how we looked at alternate ports for additional capacity in our economic analysis. Jerry Diamantides indicated that he looked at the future plans of these alternate ports to identify capacity.

3) MG Johnson asked about the status of the third crossing in Hampton Roads and whether it was a prerequisite for the east expansion project. Jeff Florin, VPA, indicated that it was still a project but that funding issues within the Commonwealth will probably delay the third crossing for 15 years. The EIS has been completed and \$39 million are available. He indicated that it was not required for but would complement the east expansion project. VPA is spending \$200 million for road and rail access for the east expansion project.

4) Doug Lamont complimented the review team and indicated that since the LPP is being recommended an exception from ASA(CW) is generally required prior to conducting the state and agency review. HQ staff will coordinate this issue with ASA(CW).

5) Don Basham asked Mr. Bray what he thought the Federal interest (cost sharing) should be. Mr. Bray indicated again that he recognizes the limits placed on the Corps. However, the volume of tonnage in this country is constraining all U.S. Ports and the east expansion is important nationally.

6) Gary Loew asked whether without the project would the nation lose benefits to areas outside the U.S. Jerry Diamantides indicated that all containers are not delivering goods to Walmart, etc. but other items that could effect production in the U.S. Gary Loew asked can this benefit be captured to improve the cost sharing ratio. Considerable discussion took place on whether current policy or future policy should consider Federal interest in port development. Everyone agreed that Federal cost sharing in port development was a significant National transportation policy decision that is not within the purview of the Board. Don Basham asked if HQ needed to look at policy regarding port development. Rich Worthington indicated that we should watch out for precedent of Federal participation in port development because of the magnitude of the current and future level of investment required. He noted that landside terminal development is generally financed by bonds and such development is basically self liquidating.

c. The following discussions occurred during the Lessons Learned presentations.

1) MG Johnson asked Col. Prettyman-Beck when she had the last opportunity to attend a CWRB meeting. The Colonel indicated that she attended a recent CWRB meeting on an Alaska District project in preparation for the Craney Island meeting. MG Johnson then asked the Colonel if any of our lessons learned on our slides were seen before at other CWRB meetings. She indicated that she had not seen these before. MG Johnson indicated that the jury is still out and he doesn't want to keep seeing the same lessons in the future because that means we haven't learned anything. Don Basham indicated that the best lessons learned are areas where we failed. Robyn Colosimo suggested that in the future the slides should show corporate lessons learned from previous CWRB meeting. Doug Lamont mentioned the need for an AAR per the EC that created the CWRB.

2) MG Johnson emphasized the importance of identifying the PDT. Being a PDT member gives you certain rights. Future presentations should include a slide listing the complete PDT.

3) Robyn Colosimo emphasized the importance of building relationships as well as the importance of communication mentioned by Colonel Prettyman-Beck.

4) MG Johnson indicated a need to improve access into the HQ office building for future guests.

9. Other Issues of Note: None.

10. Attachments: PowerPoint handouts (including District Engineer, Division Engineer, Sponsor and Office of Water Project Review briefs); Project Summary; DE Transmittal Letter; and Draft Chief of Engineers Report.